Government of Saskatchewan

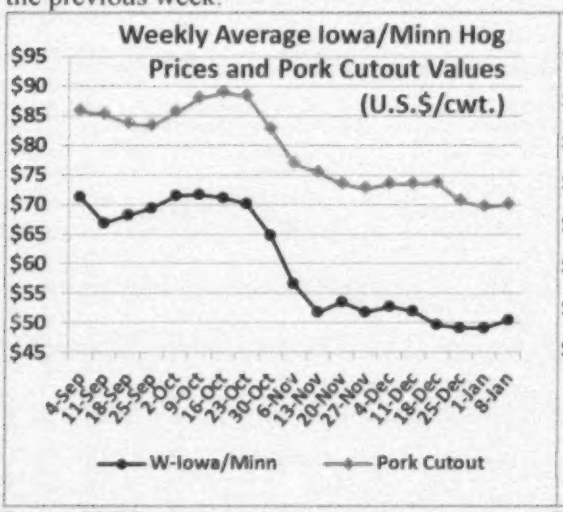
This information is provided as a resource by Saskatchewan Agriculture staff.
All prices are in Canadian dollars unless otherwise noted.
Please use this information at your own risk.

Weekly Hog Report

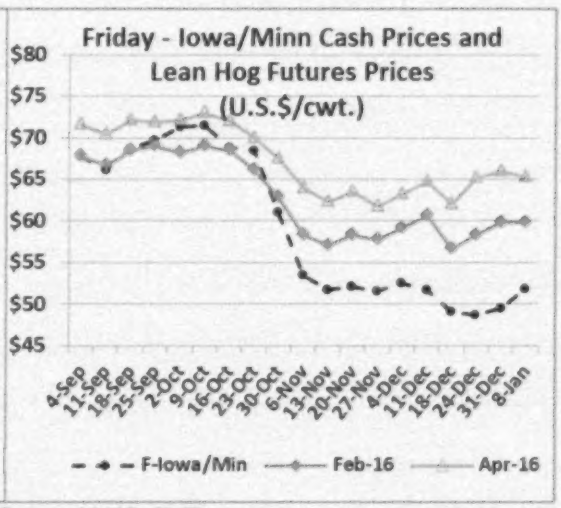
January 11, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were overall steady the last few weeks before prices moved higher last week with Friday higher, week-over-week. Hog prices on Friday January 8 averaged US$51.85 per cwt, up US$2.42 per cwt or 4.9 per cent from US$49.43 per cwt the previous Friday. The negotiated base price last week averaged US$50.53 per cwt, up US$1.44 per cwt or 2.9 per cent from US$49.09 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

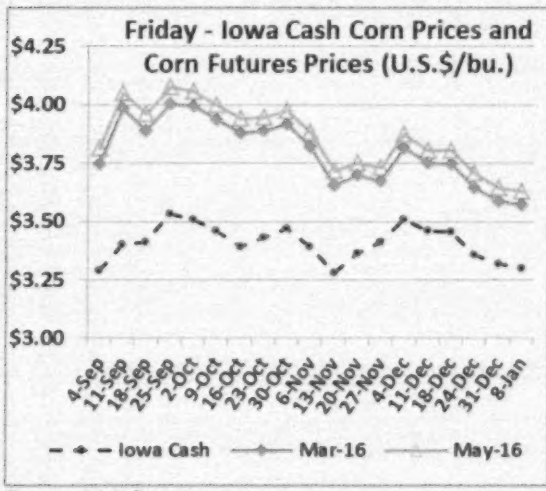
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday January 8, 2016 was $130.03 per ckg, up $4.49 per ckg or 3.6 per cent from $125.54 per ckg the previous week ending Thursday December 31, 2015. Signature#3 weekly prices (Friday to Thursday) averaged $129.74 per ckg, up $5.56 per ckg or 4.5 per cent from the previous weeks' average price of $124.18 per ckg. The Canadian dollar has continued lower over the last few weeks to close Friday at 70.68 cents.

Futures Markets

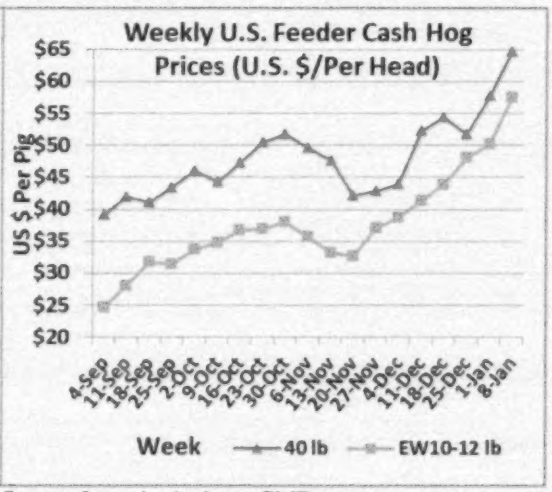
United States Lean hog futures daily prices were mixed last week but relatively stable to end last week mixed, week-over-week. The nearby February 2016 contract was slightly higher to settle Friday at US$59.850 per cwt, while the April 2016 contract declined US$0.725 per cwt to settle Friday at US$65.225 per cwt. Prices have moved about US$3 per cwt higher from the lows in mid-December.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices have moved higher over the last few weeks. Weighted average cash prices for iso-weans (12lb) last week were US$57.54 per head, up US$7.27 per head from US$50.27 per head the previous week. Feeders (40lb) were US$64.62 per head, up $7.05 per head from US$57.57 per head the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices in general have trended lower over the last few weeks. Iowa cash corn prices declined almost two cents last week to settle Friday at US$3.30 per bushel. U.S. corn futures prices were mixed last week with big losses Monday and good gains Friday but still ended the week lower, week-over week. The March 2016 contract declined almost two cents over the week to settle Friday at $3.57 per bushel, while the May 2016 corn contract declined almost two cents to settle Friday at US$3.62¾ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending January 9 were estimated 2.375 million head, up 17.2 per cent from 2.027 million head the previous shorter week, and up 10.6 per cent from 2.148 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending January 9 averaged 2.333 million head per week, up 13.9 per cent from 2.047 million head over the same period a year ago. U.S. commercial hog slaughter numbers totaled about 115 million head in 2015, up over eight per cent from 2014.

In Canada, federal and provincial hog slaughter numbers for the Christmas week ending Dec. 26, 2015 were estimated at 247,736 head, down 45.7 per cent from 456,529 head the previous week, but up 18.1 per cent from 209,775 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending December 26, 2015 were estimated to average 394,348 head, up 5.4 per cent from 374,238 head over the same period a year ago. Year-to-date, Canadian hogs slaughtered are estimated at 20.903 million head, up 2.8 per cent from 20.336 million head over the same period in 2014. In Western Canada, hogs slaughtered year-to-date December 26, 2015 were estimated at 8.673 million head, up 3.9 per cent from the same period in 2014.

Meat Production
U.S. pork production for the week ending January 9, 2016 was estimated at 505.3 million lb., up 16.8 per cent from 432.6 million lb. the previous shorter week, and up 8.8 per cent from 464.5 million lb. the same week a year ago. Pork production over the last four week's ending January 9 was estimated to average 457.4 million lb., up 3.8 per cent from 440.6 million lb. over the same four week period a year ago. U.S. pork production for 2015 is estimated to total about 24.5 billion lb., up over seven per cent from 2014.

U.S. beef production for the week ending January 9 was estimated at 460.0 million lb., up 24.8 per cent from 368.6 million lb. the previous shorter week, and up 4.0 per cent from 442.4 million lb. the same week a year ago. U.S. beef production for 2015 was estimated to total about 23.7 billion lb., down over two per cent from 24.2 billion lb. in 2014.

Cutout Values
U.S. pork cutout values for the week ending January 9, 2016 averaged US$69.94 per cwt, up US$0.47 per cwt from US$69.47 per cwt the previous week, but down 16.0 per cent from US$83.22 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending January 9, 2016 averaged US$226.24 per cwt, up US$19.08 per cwt or 9.2 per cent from US$207.16 per cwt the previous week, but down 10.5 per cent from US$252.76 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending January 9, 2016 averaged US$103.54 per cwt, up 0.9 per cent from US$102.63 per cwt the previous week, but down 18.7 per cent from US$127.35 per cwt the same week a year ago.

USDA Hogs and Pigs Report
USDA released the December *Hogs and Pigs Report* on December 23, 2015. Total U.S. hog inventory numbers as of December 1, 2015, was estimated at a record high of 68.299 million head, up 0.77 per cent from 67.776 million head on December 1, 2014, and up slightly from 68.175 million head as of September 1, 2015. The September numbers were revised lower since the September estimates were provided in the last USDA report. Total annual inventory increases were slightly lower than the average 1.4 per cent increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of December 1, 2015, was estimated at 6.002 million head, up 1.1 per cent from 5.939 million head on December 1, 2014, and up 0.3 per cent from 5.986 million head on September 1, 2015. Trade analysts had estimated for lower 0.9 per cent increase in the breeding herd, year-over-year.

Market herd inventory numbers in the United States as of December 1, 2015, was estimated at a record 62.297 million head, up 0.74 per cent from 61.838 million head on December 1, 2014, and slightly higher from 61.190 million head from September 1, 2015. Market inventory numbers passed the last record high numbers of 62.244 million head on Sept. 1, 2012. Trade analysts were estimating market inventory numbers to increase by 1.5 per cent, year-over-year. The largest annual increase came in the over 180 lb. weight category which increased 5.4 per cent from December 2014 and 10.7 per cent

from September 2015, slightly higher than average trade estimates. The 120-179 lb. weight category had an annual increase of 1.6 per cent while average trade estimates were only estimating a 1.4 per cent increase.

United States Hog Inventory Numbers, (1,000 head)

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Sept.-Dec.	Y/Y(Dec.)
All Hogs & Pigs	61,568	65,979	67,776	67,399	67,065	68,175	68,299	**0.18%**	**0.77%**
Kept for breeding	5,855	5,920	5,939	5,982	5,926	5,986	6,002	**0.27%**	**1.06%**
Market	55,713	60,059	61,838	61,418	61,140	62,190	62,297	**0.17%**	**0.74%**
Market Hogs									
Under 50 lbs	18,254	20,390	19,801	19,454	19,365	20,291	19,508	**-3.86%**	**-1.48%**
50-119 lbs	15,801	17,458	17,366	17,129	17,436	17,986	17,282	**-3.91%**	**-0.48%**
120-179 lbs	11,491	12,112	13,000	13,580	12,910	12,805	13,210	**3.16%**	**1.62%**
180 lbs & Over	10,166	10,098	11,671	11,255	11,429	11,108	12,296	**10.69%**	**5.36%**

Source: December 23, 2015 USDA Hogs & Pigs Report

Sow farrowing numbers for the September-to-November 2015 period totaled 2.875 million head, a 4.0 per cent decline from 2.994 million head the same quarter a year ago, and 1.5 per cent below the prior estimates in September. Trade estimates were estimating a smaller decline of 1.9 per cwt for the September-to-November farrowing period.

USDA have estimated farrowing intentions for the December-to-February 2016 period at 2.840 million head, a decline of 1.9 per cent from 2.895 million head the same quarter a year ago. The March-to-May 2016 farrowing intentions were estimated at 2.850 million head, down slightly from the same quarter a year ago. Trade estimates were estimating a smaller decline of 0.3 per cent in farrowing numbers for the first quarter 2016, but a 0.5 per cent increase for the second quarter of 2016. USDA estimated the September-to-November 2015 pig crop was 30.275 million head, a 1.2 per cent decline from the same quarter in 2014, and better than the 0.3 per cent decline estimated by the trade estimates. Inventory and production numbers were overall slightly lower than average trade analyst estimates and markets have likely viewed as neutral to slightly bullish in the short term.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	**2014**	**2015**	**2016**	**2013**	**2014**	**2015**
Dec - Feb (1)	2,763	2,895	2,840 (2)	28,099	26,326	29,627
Mar - May	2,810	2,854	2,850 (2)	28,921	27,495	29,593
June - Aug	2,991	2,945		29,862	30,402	30,588
Sept - Nov	2,994	2,875		28,253	30,633	30,271
TOTAL	**11,558**	**11,569**		**115,135**	**114,856**	**120,079**

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, December 23, 2015

For more information contact:

Brad Marceniuk, PAg, MSc, BSA
Provincial Livestock Economist
(306) 933-5098
brad.marceniuk@gov.sk.ca